

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2199-01
Bill No.: HB 736
Subject: Boards, Commissions, Committees, Councils; Cities, Towns, and Villages;
Counties; Insurance - Medical
Type: Original
Date: May 6, 2003

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| General Revenue | Unknown | Unknown | Unknown |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | Unknown | Unknown | Unknown |

*Savings could exceed \$100,000.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| Highway Patrol and Transportation Health Plan | Unknown | Unknown | Unknown |
| Conservation Commission Insurance Plan | Unknown | Unknown | Unknown |
| Total Estimated Net Effect on Other State Funds | Unknown | Unknown | Unknown |

*Savings could exceed \$100,000.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

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|--|
| ESTIMATED NET EFFECT ON FEDERAL FUNDS |
|--|

| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
|---|------------|------------|------------|
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2004 | FY 2005 | FY 2006 |
| Local Government | Unknown | Unknown | Unknown |

***Savings could exceed \$100,000**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Public Safety - Missouri Highway Patrol** and **Department of Insurance** assume the proposal would have no fiscal impact on their organizations.

Officials from the **Missouri Department of Conservation (MDC)** state the proposal could have a positive impact on MDC's self-insured health plan.

Officials from the **Department of Transportation (MoDOT)** stated that the Highway and Patrol Medical Plan has a reimbursement policy, which allows the MoDOT/MSHP Medical Plan (Plan) to recover medical claims expense from the subscriber/participant whenever the subscriber/participant receives payments for physical or mental treatment from individuals, insurance companies, settlements, or court verdicts. Any reimbursement shall not exceed the amount actually paid by the Plan. Subrogation would also allow the Missouri Highway and Transportation Commission (MHTC) and the Plan to file a lawsuit against the third party, without including the subscriber/participant in the suit, for the difference in the reimbursement received and the costs of the medical claims paid by the plan. There may be fiscal impact to the MHTC for intangible costs for litigation. This cost cannot be determined. There may be a positive fiscal impact to the medical plan, but this cost cannot be determined.

ASSUMPTION (continued)

Officials from **Missouri Consolidated Health Care Plan (HCP)** stated that events that may result in subrogated claims are unpredictable so it is difficult to forecast the potential savings this proposal may yield. In a February, 2000 study, using the InterStudy National HMO Financial Database, the subrogation/coordination of benefits rate for 1997 was \$1.38. Employing this rate results in a 2004 HCP potential savings of \$492,193 when applied to HCP's current 29,720 self-insured membership. MCHCP noted that this is a rough estimate and the \$1.38 figure is several years old and could be higher now. It is also noted, however, that figure refers to subrogation and coordination of benefits while the proposal only refers to subrogation.

Oversight assumes some cost savings could be passed on to the State, but is unable to determine that amount. **Oversight** also assumes other public entities could experience cost savings.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2004 (10 Mo.) | FY 2005 | FY 2006 |
|---|---------------------|---------|---------|

GENERAL REVENUE

Savings - Missouri Consolidated Health
 Care Plan

| | | | |
|-------------------------------|----------------|----------------|----------------|
| Reduction in cost of benefits | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|-------------------------------|----------------|----------------|----------------|

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE***

| | | |
|----------------|----------------|----------------|
| <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|----------------|----------------|----------------|

* Savings could exceed \$100,000.

**HIGHWAY PATROL AND
 TRANSPORTATION MEDICAL
 PLAN**

Department of Transportation

| | | | |
|--|----------------|----------------|----------------|
| Savings - Health benefit reimbursements from third party tortfeasors | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|--|----------------|----------------|----------------|

**ESTIMATED NET EFFECT ON
 HIGHWAY AND PATROL
 MEDICAL PLAN***

| | | |
|----------------|----------------|----------------|
| <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|----------------|----------------|----------------|

* Savings could exceed \$100,000.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2004 (10 Mo.) | FY 2005 | FY 2006 |
|---|---------------------|---------|---------|

CONSERVATION COMMISSION INSURANCE PLAN

Savings - Department of Conservation

| | | | |
|--|----------------|----------------|----------------|
| Health benefit reimbursements from third party tortfeasors | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|--|----------------|----------------|----------------|

ESTIMATED NET EFFECT ON CONSERVATION COMMISSION INSURANCE PLAN*

| | | |
|----------------|----------------|----------------|
| <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|----------------|----------------|----------------|

***Savings could exceed \$100,000.**

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2004 (10 Mo.) | FY 2005 | FY 2006 |
|---|---------------------|---------|---------|

LOCAL PUBLIC ENTITIES

Savings - Local Public Entities

| | | | |
|--|----------------|----------------|----------------|
| Health benefit reimbursements from third party tortfeasors | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|--|----------------|----------------|----------------|

ESTIMATED NET EFFECT ON LOCAL PUBLIC ENTITIES*

| | | |
|----------------|----------------|----------------|
| <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
|----------------|----------------|----------------|

***Savings could exceed \$100,000**

FISCAL IMPACT - Small Business

Small businesses that are self-insured could have a positive fiscal impact as a result of this proposal.

DESCRIPTION

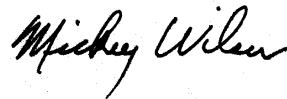
This proposal allows public entities with self-insurance plans to seek reimbursement from a third party for health benefits paid to employees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

L.R. No. 2199-01
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Department of Transportation
Department of Public Safety -
Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA
DIRECTOR
MAY 6, 2003